KEYNOTE SPEAKER BRUCE ANDREWS

Speaker Identification:

EH: Eric Hirschhorn

BA: Bruce Andrews

EH: Bruce Andrews has added two very important entries to his résumé in the last several days, and in that respect your programs are in error because last Thursday he was confirmed by the Senate as Deputy Secretary of Commerce, so he's no longer acting.

And the second thing he now can add to his résumé is that he's had the Secretary of Commerce serve as his warm-up act.

When Bruce was named Chief of Staff to incoming Secretary John Bryson in October 2011, I received a call from a mutual friend of many years standing, I did not know Bruce at this time, but he reported to me eagerly that Bruce was experienced, knowledgeable, and capable as well as that he had a great sense of humor. Mike, I replied, you had me at sense of humor.

Mike was right, in the nearly three years that I've worked with Bruce I've seen ample evidence of all the traits that our friend promised, his sense of humor and essential for survival in Washington, his sense of irony is indeed unmatched.

He also has excellent judgment and keeps a great many balls in the air simultaneously. The Commerce Department is not his first stop in this town, he served as General Counsel for the Senate Commerce Committee, Vice-President for Governmental Affairs at the Ford Motor Company, a lawyer in private practice, and a staff member for several members of Congress. He's a graduate of Haverford College and Georgetown Law School, and hails from Syracuse, New York. I'm always supposed to mention that, I know.

Please welcome the new Deputy Secretary of Commerce, Bruce Andrews.

BA: Well thank you Eric, thank you for having me here today. Good afternoon everyone. It's great to be here, it's always good to follow Secretary Pritzker, I got to enjoy that because I don't think I'm going to get that opportunity very often. But I'd like to join Eric in welcoming all of you here today. I also want to thank the entire team at the Bureau of Industry and Security for organizing the Update Conference. It has become a must attend event for many in our exporting community and the reason is simple as

Secretary Pritzker said, Export Control Reform is essential to our national security which includes our economic security, and to be joined the Commerce Department as the honest when I first Secretary's Chief of Staff, I didn't fully appreciate the importance of BIS and its work but that changed quickly. Around the time I started, as Eric mentioned I'm from Syracuse, New York. I traveled up to speak at a group event organized by the Commerce Department's International Trade Administration. Sitting in a pretty small conference room much smaller than this I was surprised at a Round Table of about 35 leaders, business leaders in Syracuse, when I asked them what was important to them, they repeatedly raised Export Controls. This sentiment, this focus on Export Controls was almost unanimous around the table, but it was also a real moment of epiphany for me. I never would have expected so many companies, particularly in Syracuse to find Export Controls such an important issue and so critical to their ability to do business. So from that experience it became clear why, shortly after taking office, President Obama initiated a broad based review of our export control system. A system that too often reflected the assumptions of the Cold War Era.

We needed a system that addressed both contemporary threats and the realities, we needed a system that was more reliable or predictable so that U.S. exporters could be more reliable and predictable as suppliers. We needed a system that was nuanced so that less sensitive items could be controlled more flexibly. So the Commerce Department, and Eric and the team at BIS went to work. Our system and our regulations are designed to address all of these concerns, which is why we have taken the burden of implementing many of these reforms.

To get where we are today a huge amount of work was needed over the course of the last five years. The Department's of Defense, State, and Commerce, supported by multiple other agencies and laboratories reviewed every control for every military and space related item.

Just think about that, think about the magnitude. They had the difficult job of identifying which items continued to warrant worldwide controls of the ITAR and which were military and space items that would still require control, but could be exported more flexibly to close allies.

That was a massive exercise and every one of the proposed changes went through multiple rounds of industry and public comment and Congressional notification. Assembly devising and executing this strategy has been considered one of the most difficult jobs in government, and frankly one of the most complicated that I have

seen over the years. But the truth is, and Penny made this point, government can't do this job alone which is why at this conference and year round we seek out and appreciate the cooperation and the comments from all of you, our nation's exporting community.

Now that the regulations are starting to come online and policy plans are being put to the test and actual implementation we need to hear from you, we need to know whether you think our reforms are working in accomplishing the national security objectives set forth by Secretary Gates, former Secretary Gates in 2010. Are the reforms allowing for greater inner-operability with our allies, are the reforms reducing the incentive for foreign companies to design or void U.S. origin content or services. Are other reforms allowing the government to focus its resources on transactions of greater concern. We are looking to you to let us know whether we're failing or succeeding in each of these objectives.

Based on the review of data since the first set of rules became effective last October, the new system seems to be working as intended. Exports of parts and components in the supply chain to our close allies are occurring more quickly and efficiently. Non U.S. companies are more willing to buy items from U.S. companies without fear of an ITAR tape to what they build. And the ability of companies in allied countries to engage in joint production in development projects is becoming easier.

Once companies get comfortable with the new system the paperwork and licensing burden will be reduced. Companies are able to determine more clearly when items are or are not ITAR controlled, and the administration is able to spend more time investigating exports and re-exports to destinations and end uses of more concern.

All told here is the bottom line - Export Control Reform maintains effective safeguards, brings transparency to our system, and insures efficiency in the field of regulation that is long lacked.

For those aspects that are not yet as efficient as they could be or should be, the heart of the reform effort includes a spirit of transparency and regular interaction with industry and national security stakeholders to constantly improve and streamline the system.

As we work to make our reform initiative a source of even greater strength for the security of our country and the competitiveness of key industries, BIS and the Commerce Department are here to help. BIS provides a wide range of services to insure companies can navigate the export control process easily and efficiently. Among

these are counseling, training seminars, web based interactive tools, compliance assistance, and technical support to register and use the simplified network application process.

BIS has held more than 200 outreach activities to educate companies on the nuances of Export Control Reform. Tomorrow for example the Bureau is hosting a large number of subject matter expert Round Tables, including representatives from the Small Business Administration and Commerce's Minority Business Development Agency. I encourage you all to attend.

We know that you're investing substantial resources to make Export Control work, many of you have reclassified thousands of parts, revised your IT control systems and conducted thousands of hours of training for your compliance, operations, and technical teams. We recognize that for some this process has resulted in a significant increase in your work load but we firmly believe that your short term investment will reap long term rewards.

In government we are few in number but we rely on you in the private sector, our partners, to help educate your suppliers, employees, and customers. The effort in resources you devote to this exercise are crucial to its success of our reform efforts and the Export Control system as a whole. At Commerce we are committed to working side by side with you to educate stakeholders, keep our supplier base informed, and reach out to customers at home and abroad. Our task is not easy, changing mindsets is always a seemingly impossible task but you have demonstrated time and time again your capacity to reinvent yourselves and develop new products to innovate and to adapt. With your ongoing commitment and with the expertise of the businesses in this room, and the knowhow of our teams at BIS and the Department of Commerce, we will achieve President's Obama's goals to make America safer, to give an edge to American industry, and to keep American workers strong, competitive, and prosperous.

Thank you very much.